

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7026

BILL NUMBER: HB 1097

NOTE PREPARED: Mar 15, 2006

BILL AMENDED: Feb 21, 2006

SUBJECT: Discount Medical Card Programs.

FIRST AUTHOR: Rep. Frizzell

FIRST SPONSOR: Sen. Miller

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for registration of discount medical card program organizations. The bill specifies requirements for registration and conduct of a discount medical card program organization.

The bill also provides additional continuing education credit hours for insurance producers who take certain courses. It adds two members to the Insurance Producer Education and Continuing Education Advisory Council.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The Department of Insurance (DOI) would oversee the registration of discount medical programs. Although the number of discount medical program organizations that would require registration is not known, if a significant number apply for registration, the DOI would need an additional COMOT II to implement the program. Total additional staffing costs are estimated at \$37,345, which includes fringe benefits and indirect costs. The source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The DOI may also adopt rules to implement the program. The DOI should be able to adopt rules given its current level of resources available to the agency.

Insurance Producer Education and Continuing Education Advisory Council. The proposal adds to the council two members recommended by the Indiana State Association of Health Underwriters. The council currently consists of 15 members plus the Commissioner of the DOI. Under existing law, members of the council are

entitled to per diem and reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. Adding two members will increase per diem and travel expenses by a minimal amount.

Statute requires the council to meet at least semiannually. In practice, the council meets monthly. For FY 2005, per diem expenses equaled \$4,200, and travel expenses equaled \$300. Expenses are paid from the DOI general operating fund.

Background Information. The DOI provides staff for the council and supplies legal support on an as-needed basis. The council reviews and makes recommendations to the DOI Commissioner with respect to educational requirements for insurance producers. The council reviews and approves pre-licensing course submissions, instructor qualifications and applications, provider requirements and applications, and continuing education course submissions. The council also conducts meetings open to the public during which appeals are presented, issues pertaining to training and education are discussed, and questions and comments from the public are addressed.

Explanation of State Revenues: The fee for issuance of a license is \$500, with a \$250 fee for annual renewals. License fees are deposited in the Department of Insurance Fund.

The bill also provides for penalty fees of \$500 per day for the first 10 days for failure to file a timely annual report, with a \$1,000 fine for every day thereafter. Penalty fees would also be deposited in the Department of Insurance Fund.

The DOI may impose a civil penalty of at least \$500 and not more than \$50,000 against a discount medical program that is in violation of the provisions of this bill. Additional revenue would be dependent on the number of civil penalties imposed and the amount of each penalty.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Amy Strati, DOI, 232-2404.

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